

## NEPI Rockcastle plc

Incorporated and registered in the Isle of Man

Registered number 014178V

JSE and Euronext share code: NRP

ISIN: IM00BDD7WV31

(“NEPI Rockcastle” or “the company”)



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## CIRCULAR TO NEPI ROCKCASTLE SHAREHOLDERS IN RESPECT OF AN ELECTION TO RECEIVE EITHER A CASH DIVIDEND OR A RETURN OF CAPITAL

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Shareholders are referred to the condensed consolidated financial results for the six months ended 30 June 2019 released on SENS and Euronext Amsterdam on 23 August 2019 (the “**results announcement**”), wherein it was stated that the board of directors of NEPI Rockcastle had declared a distribution of 29.02 eurocents per share for the first half of 2019. The results announcement stated further that shareholders would be afforded the opportunity to elect to receive the distribution either in cash (the “**cash dividend**”) or as an issue of fully-paid shares (the “**return of capital**”). The election is available in respect of all or part of a shareholder’s shareholding as at Friday, 11 October 2019.

### *Cash dividend*

The cash dividend will be paid to shareholders unless a shareholder elects to receive a return of capital. Shareholders holding shares traded on the JSE will receive the cash dividend in South African Rand converted from Euro at an exchange rate to be announced on Tuesday, 1 October 2019 (“**reference price**”). For NEPI Rockcastle shares traded on Euronext Amsterdam, the reference price will be converted to Euro at a ZAR:EUR conversion rate announced on Tuesday, 1 October 2019, before 11:00 South African time (“**exchange rate**”).

The cash dividend will be paid out of the company’s distributable profits.

### *Return of capital*

The rationale for the return of capital is to offer shareholders the opportunity to increase their shareholding in NEPI Rockcastle and to retain flexibility with regard to the company’s cash resources.

The number of NEPI Rockcastle shares to which a shareholder electing to receive the return of capital is entitled will be determined with reference to the ratio that 29.02 eurocents per share bears to a reference price of up to a 5% discount to the five-day volume weighted average traded price (less the cash dividend) of NEPI Rockcastle shares on the JSE, to be announced on Tuesday, 1 October 2019.

NEPI Rockcastle reserves the right to reduce the number of new NEPI Rockcastle shares issued to an electing shareholder in respect of the return of capital if the issue of such shareholder’s full allocation of new NEPI Rockcastle shares would result in that shareholder (individually or together with any shareholders deemed to be acting in concert with such shareholder) having an interest in NEPI Rockcastle shares that would ordinarily require the shareholder (or group of shareholders) to make a mandatory takeover offer pursuant to any applicable takeover, capital market or equivalent legislation. In such circumstances, the shareholder will receive the balance of their entitlement as a cash dividend. The company further reserves the right to reduce the number of new NEPI Rockcastle shares issued to electing shareholders in terms of the return of capital, on a *pro rata* basis. In such circumstance, shareholders will receive the balance of their interim dividend (net of withholding tax), in cash.

The allocation of new NEPI Rockcastle shares will be such that shareholders who elect to receive the return of capital will not be allocated a fraction of a new NEPI Rockcastle share. Any entitlement to receive a fraction of a NEPI Rockcastle share will be rounded down to the nearest whole number, with a cash payment (“**cash payment**”) made to the relevant shareholder in respect of the fraction. The cash payment due to shareholders will be determined with reference to the weighted average traded price of shares on the JSE on Wednesday, 9 October 2019, less 10%

(converted to Euro at the exchange rate in respect of those shares traded on Euronext Amsterdam) which amount will be announced on Thursday, 10 October 2019 before 11:00 South African time.

The new NEPI Rockcastle shares to be issued pursuant to the return of capital will be funded by way of a reduction of part of the company's share premium account (which is a reduction of capital).

As required in terms of Isle of Man law, NEPI Rockcastle shareholders will not have registered ownership of the NEPI Rockcastle shares that they receive pursuant to the return of capital. NEPI Rockcastle shares will instead be delivered to shareholders in the form of dematerialised security entitlements representing the beneficial ownership of such shares. References throughout this announcement to NEPI Rockcastle shares received or issued pursuant to the return of capital or to any shareholding in NEPI Rockcastle before or after the implementation of the return of capital should therefore be read as a reference to a receipt, issue or holding of security entitlements representing beneficial ownership of NEPI Rockcastle shares, and not to any registered ownership of NEPI Rockcastle shares. All NEPI Rockcastle shares are and will be registered in the name of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ("**Euroclear Nederland**") for and on behalf of shareholders.

As at the date of this announcement, the company has 585 838 887 ordinary shares of €0.01 each in issue.

### **SALIENT DATES AND TIMES**

The salient dates and times in the announcement published on SENS and Euronext Amsterdam on 20 September 2019 remain unchanged.

### **TAX IMPLICATIONS**

#### ***South African resident shareholders***

The receipt of the cash dividend or election to receive the return of capital may have tax implications for shareholders.

For those South African resident shareholders receiving the cash dividend, such amount will be regarded as a foreign dividend and may be subject to South African dividends withholding tax at a rate of 20%, unless an exemption as set out in the South African tax legislation applies.

The receipt of NEPI Rockcastle shares by South African resident shareholders pursuant to the return of capital should not be classified as a dividend or a foreign dividend for South African tax purposes and accordingly, South African dividends withholding tax should not be levied on the new NEPI Rockcastle shares so received. However, the legislation in this regard is complex and its implementation is uncertain. Shareholders should therefore seek independent professional tax advice.

The gross local dividend amount for shareholders exempt from paying South African dividends tax, as well as the net local dividend amount for shareholders liable to pay South African dividends tax, will be announced on Tuesday, 1 October 2019.

NEPI Rockcastle shareholders are advised to consult their professional advisors regarding the tax consequences of the cash dividend and the return of capital or should they be in any doubt as to the appropriate action to take.

There is no withholding tax payable in the Isle of Man.

#### ***Shareholders residing outside South Africa***

The receipt of the cash dividend or election to receive the return of capital may have tax implications for shareholders who are resident outside South Africa and such shareholders are advised to obtain appropriate advice from their professional advisors in this regard.

A circular to NEPI Rockcastle shareholders in respect of the election being offered to NEPI Rockcastle shareholders to receive either the cash dividend or the return of capital will be posted to shareholders on Monday, 23 September 2019 and will be made available on the company's website at <https://nepirockcastle.com/wp-content/uploads/2019/09/Nepi-Rockcastle-Circular-to-NEPI-Rockcastle-shareholders-in-respect-of-the-dividend-for-the-six-months-ended-30-June-2019.pdf> on the same date.

NEPI Rockcastle has a dual primary listing on the Main Board of the JSE and Euronext Amsterdam.

For further information please contact:

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23 September 2019